

SECTION H
SPECIAL CONTRACT REQUIREMENTS

H.1 BUILDER'S RISK INSURANCE

The Contractor shall, from the start of vessel construction until preliminary acceptance by the Government, provide and maintain in force a Builder's Risk Policy on behalf of the Government covering the vessel and all material and equipment for the vessel to be provided, if exercised, under CLIN 0004; provided, that for CLIN 0004 the cost of detail design shall be excluded from the insured value. The Contractor agrees that the price of CLIN 0004 includes the price of the insurance required by this provision. A copy of the policy shall be provided to the Government by the Contractor, prior to and as a condition of the Government's issuance of a notice to proceed after exercise of CLIN 0004.

H-2 LIENS AND TITLE

(a) Any and all partial and progress payments made hereunder on account of the vessel and the materials and equipment therefor shall be secured, when made, by a lien in favor of the Government upon such material and equipment on account of all payments so made, except to the extent that the Government, by virtue of any other requirement of this contract, or otherwise, shall have valid title to such material and equipment as against other creditors of the Contractor. If such property is not identified by marking or segregating, the Government shall be deemed to have a lien upon a proportionate part of any mass of property with which such property is commingled. Any lien provided for by virtue of this requirement is paramount to all other liens under the provisions of 10 U.S.C. Sec 2307. Upon completion and delivery of the vessel, said lien shall be discharged as to any materials and equipment which have not been included in the vessel and which are no longer required therefor.

(b) The Contractor shall immediately discharge or cause to be discharged any lien or rights in rem of any kind, other than in favor of the Government, which at any time exists or rises with respect to the machinery, fittings, equipment or materials for the vessel. If any such lien or right in rem is not immediately discharged, the Government may discharge or cause to be discharged said lien or right in rem at the expense of the Contractor.

(c) Title to the vessel under construction shall be in the Government and title to all materials and equipment acquired for the vessel shall vest in the Government upon delivery thereof to the plant of the Contractor or other place of storage selected by the Contractor, whichever of said events shall first occur; provided, that the ConRep may, by written direction, require that title shall vest in the Government upon delivery of such materials and equipment to the carrier for transportation to the plant of the Contractor or other place of storage selected by the Contractor. The amount of any freight charges, transportation, taxes or other costs which would have been paid by the Contractor, either directly or as an element of any subcontract cost, and which the Contractor shall not be required to pay as a result of such earlier vesting of title and any use of Government bills of lading, shall be determined and treated as though resulting from a change order and the contract price reduced accordingly. Upon completion of the vessel, or with the approval of the ConRep at any time during the construction of the vessel, all such materials and equipment which have not been included therein and which are agreed between the Contractor and the ConRep to be no longer required therefor, except materials and equipment which were furnished by the Government or the cost of which has been reimbursed by the Government to the Contractor, shall become the property of the Contractor; provided, however, that models, mockups, plans and other items which the Contractor is expressly required to construct, prepare, or furnish shall remain the property of the Government. Upon completion of the

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contract, or at such earlier date as may be fixed by the Contracting Officer, the Contractor shall submit, in a form acceptable to the Contracting Officer, inventory schedules covering all items of property not consumed in the performance of this contract (including any resulting scrap) or not theretofore delivered to the Government, the cost of which has been reimbursed by the Government to the Contractor apart from the fixed price. The Contractor shall deliver or make such other disposal of such property as may be directed or authorized by the Contracting Officer. Recoverable scrap from such property shall be reported in accordance with such procedure and in such form as the Contracting Officer may direct. The net proceeds of any such disposal shall be credited to the Government and shall be paid in such manner as the Contracting Officer may direct. For the purpose of this requirement, "net proceeds" means actual amount collected from such sale of disposal less sales, collection fees and other reasonable related expenses.

H-3 NOTIFICATION OF CHANGES

(a) Definitions. As used in this requirement, the term "Contracting Officer" does not include any representative of the Contracting Officer whether or not such representative is acting within the scope of his authority nor does it include any other individuals or activities that in any way communicate with the Contractor. As used in this requirement, the term "conduct" includes both actions and failures to act, and includes the furnishing of, or the failure to furnish, any item under any provision of this contract.

(b) Notice. The primary purpose of this requirement is to obtain prompt reporting of any conduct which the Contractor considers to be or to require a change to this contract. The parties acknowledge that proper administration of this contract requires that potential changes be identified and resolved as they arise. Therefore, except for changes identified as such in writing and signed by the Contracting Officer, the Contractor shall notify the Contracting Officer of any conduct which the Contractor considers would be or to require a change to this contract. Such notice shall be provided promptly, and in any event within thirty (30) calendar days from the date the Contractor identifies any such conduct. The Notice shall be written and shall state, on the basis of the most accurate information available to the Contractor:

(i) The date, nature, and circumstances of the conduct regarded as a change;

(ii) The name, function, and activity of the individuals directly involved in or knowledgeable about such conduct;

(iii) The identification of any documents and the substance of any oral communication involved in such conduct;

(iv) The particular elements of contract performance for which the Contractor might seek an equitable adjustment under this requirement, including:

(1) The ship that has been or might be affected by the potential change;

(2) To the extent practicable, labor or materials or both which have been or might be added, deleted, or wasted by the potential change;

(3) To the extent practicable, the Contractor's preliminary order of magnitude estimate of cost and the schedule effect of the potential change; and

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(4) The particular technical requirements or contract requirements regarded as changed, and in what manner the Contractor believes them to be changed.

(c) Continued Performance. Except as provided in paragraph (f) below, following submission of notice, the Contractor shall take no action to implement a potential change until advised by the Contracting Officer in writing as provided in (d) below, unless the potential change was previously directed by the Contracting Officer, in which case the Contractor shall conform therewith. Nothing in this paragraph (c) shall excuse the Contractor from proceeding with contract work other than implementation of the potential change or from proceeding in accordance with directions issued by the Contracting Officer.

(d) Government Response. The Contracting Officer shall promptly, and in any event within twenty-one (21) calendar days after receipt of Notice, respond thereto in writing. In such response, the Contracting Officer shall either:

(i) Confirm that the conduct of which the Contractor gave notice constitutes a change, and when necessary, direct the mode of further Contractor performance, or;

(ii) Countermand any conduct regarded by the Contractor as a change, or;

(iii) Deny that the conduct of which the Contractor gave notice constitutes a change and, when necessary, direct the mode of further Contractor performance, or;

(iv) In the event the Contractor's notice information is inadequate to make a decision under (i), (ii) or (iii) above, advise the Contractor what additional information is required. Failure of the Government to respond within the time required above shall be deemed a countermand under (d)(ii).

(e) Equitable Adjustments. Equitable adjustments for changes confirmed or countermanded by the Contracting Officer shall be made in accordance with the clause of this contract entitled "CHANGES", or any other requirement of this contract which provides for an equitable adjustment.

(f) Special Procedures. Paragraph (c) provides that the Contractor is to take no action to implement a potential change pending the Contracting Officer's response to the Contractor's notice of the potential change, except where specifically directed by the Contracting Officer. In special situations, however, where

(1) The circumstances do not allow sufficient time to notify the Contracting Officer of the facts prior to the need to proceed with the work, and;

(2) The work must proceed to avoid hazards to personnel or property or to avoid additional cost to the Government, the Contractor may proceed with work in accordance with the potential change. In such special situations, the Contractor shall advise the Contracting Officer in writing within ten (10) days of the conduct giving rise to the potential change that the Contractor has proceeded and shall describe the nature of the special situation which required proceeding prior to notification. Within thirty (30) calendar days of the conduct giving rise to the potential change, the Contractor shall provide notice as required in (b) above. The Contracting Officer shall respond as set forth in (d) above. If the Contracting Officer determines that the conduct constitutes a change and countermands it, the Contractor shall be entitled to an equitable

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adjustment for performance in accordance with that change prior to the countermand including performance resulting from the countermand.

(g) When the Contractor identifies any conduct which may result in delay to delivery of the ship, the Contractor shall promptly so inform the Contracting Officer thereof prior to providing the notice required by paragraph (b) above.

H-4 OTHER CHANGE PROPOSALS

(a) The Contracting Officer, in addition to proposing engineering changes pursuant to other requirements of this contract, and in addition to issuing changes pursuant to the clause of this contract entitled "CHANGES", may propose other changes within the general scope of this contract as set forth below. Within forty-five (45) days from the date of receipt of any such proposed change, or within such further time as the Contracting Officer may allow, the Contractor shall submit the proposed scope of work, plans and sketches, and its estimate of: (A) the cost, (B) the weight and moment effect, (C) effect on delivery dates of the vessel, and (D) status of work on the vessel affected by the proposed change. The proposed scope of work and estimate of cost shall be in such form and supported by such reasonably detailed information as the Contracting Officer may require. Within sixty (60) days from the date of receipt of the Contractor's estimate, the Contractor agrees to either (A) enter into a supplemental agreement covering the estimate as submitted, or (B) if the estimate as submitted is not satisfactory to the Contracting Officer, enter into negotiations in good faith leading to the execution of a bilateral supplemental agreement. In either case, the supplemental agreement shall cover an equitable adjustment in the contract price, including an equitable adjustment for the preparatory work set forth above, scope, and all other necessary equitable adjustments. The Contractor's estimate referred to in this subparagraph shall be a firm offer for sixty (60) days from and after the receipt thereof by the Contracting Officer having cognizance thereof, unless such period of time is extended by mutual consent.

(b) Pending execution of a bilateral agreement or the direction of the Contracting Officer pursuant to the "CHANGES" clause, the Contractor shall proceed diligently with contract performance without regard to the effect of any such proposed change.

(c) In the event that a change proposed by the Contracting Officer is not incorporated into the contract, the work done by the Contractor in preparing the estimate in accordance with subparagraph (a) above shall be treated as if ordered by the Contracting Officer under the "CHANGES" clause. The Contractor shall be entitled to an equitable adjustment in the contract price for the effort required under subparagraph (a), but the Contractor shall not be entitled to any adjustment in delivery date. Failure to agree to such equitable adjustment in the contract price shall be a dispute within the meaning of the clause of this contract entitled "DISPUTES" (FAR 52.233-1).

H-5 QUARTERLY PROGRESS REVIEWS (QPRs) (APPLICABLE TO CLINs 0003 AND 0004, IF EXERCISED)

(a) The Government will hold Quarterly progress meetings at the Contractor's facility, beginning three (3) months after exercise of OPTION CLIN 0003. The purpose of the meetings is to report progress, anticipated delays, cost experience in relation to budget and projected end costs, manning, schedules, receipt of Government-furnished material, Contractor-furnished material, logistics, production problems, and other related matters. The Contractor shall provide agendas and minutes for these meetings. The agenda content will be discussed at the post award conference.

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(b) It is agreed and understood that the reports to be made by the Contractor pursuant to this requirement are additional to, and not in substitution for, reports and notices required to be made or given by the Contractor pursuant to other requirements of this contract.

H-6 DESIGN REVIEWS

(a) The Government will conduct design reviews. The purpose of these reviews is for the Contractor to report engineering/design progress, anticipated problems, and other related matters. The Contractor shall provide agendas and minutes for these meetings.

(b) Design reviews during the performance of CLIN 0001 and CLIN 0002 will be held at the Government's facility. CLIN 0001 and CLIN 0002 Design Reviews will be held approximately 60 and 90 days after contract award.

(c) Design Reviews during the performance of CLIN 0003, if exercised, and CLIN 0004, if exercised, will begin 45 days after the effective date of exercise of CLIN 0003 and shall continue each 45 days until completion of the Contractor's detailed design. CLIN 0003 and CLIN 0004 Design Reviews shall be held at the Contractor's facilities.

(d) It is agreed and understood that the reports to be made by the Contractor pursuant to this requirement are additional to, and not in substitution for, reports and notices required to be made or given by the Contractor pursuant to other requirements of this contract, including, but not limited to, the "NOTIFICATION OF CHANGES" clause IN SECTION I.

H-7 PROGRESS PAYMENTS (APPLICABLE TO CLIN 0003, IF EXERCISED)

Progress payments may be submitted at monthly intervals; provided, however, that the aggregate of such payments made prior to completion of the CLIN 0003 effort shall not be in excess of 95 percent of the contract price for CLIN 0003. Progress shall be determined by the percentage of Contract work completed.

H-8 PROGRESS PAYMENTS (PERCENTAGE OF COMPLETION) (APPLICABLE TO CLIN 0004, IF EXERCISED)

Progress payments on account of the Contract shall be made by the Contracting Officer to the Contractor as the Contract work progresses. All progress payments shall be subject to a retainage of five percent (5%). The amounts of such payments shall be determined by; (a) dividing the contract price for CLIN 0004 into a set amount of points (10,000), representing the total cost of the labor by SWBS element as presented in the Contractor's final price proposal, and measuring said progress by the percent of completion of said portions of the Contract work, as certified by the Contractor subject to the approval of the ConRep, and (b) dividing the contract price for CLIN 0004 material into a set amount of points (10,000) representing the total cost of material by SWBS element as presented in the Contractor's final price proposal, and measuring said progress by the amount of material paid for as shown by payment made by cash, check or other forms of actual payment as certified by the Contractor subject to approval of the ConRep.

In addition to progress payments under CLIN 0004, the Contracting Officer will make payments to the Contractor for work completed by the Contractor under CLINS 0005 through 0019, if exercised or ordered, following certification of completion of the work by the Contractor subject to the approval of the ConRep.

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For work under CLINS 0005 through 0019 for which work is not yet complete, the Contractor must submit to the ConRep, within 15 days after each calendar quarter for approval, a revised 10,000 point weighting of the CLIN 0004 progressing system to include all labor and material costs exercised or ordered under CLINS 0005 through 0019 from the previous calendar quarter. The revised weighting may, within a SWBS element, reallocate CLIN 0004 labor and material costs as determined to be necessary by the Contractor subject to the approval of the ConRep.

Progress payments may be submitted at monthly intervals; provided, however, that the aggregate of such payments made prior to the delivery of the vessel by the Contractor to the Government shall not be in excess of 95 percent of the contract price for CLIN 0004. Progress shall be determined by the percentage of Contract work completed and material delivered to the Contractor at its Shipyard and paid for as shown by payment made by cash, check or other form of actual payment, as certified by the Contractor subject to approval of the ConRep.

The Contractor agrees that it shall not allow liens, security interest or rights in rem of any kind arising out of the Contract work, or on account of any claim against the Contractor or against the subcontractor of the Contractor performing work or furnishing material under this Contract to lie or attach against the vessel or any of said property, material, or Contract work.

The amounts withheld under the provisions of this Section, plus any other amounts payable to the Contractor under the terms of this Contract shall be paid (except amounts withheld for liquidated damages and any offset required by law) as follows:

(i) All except 2 1/2 percent of the Contract price for CLINs 0004 through 0019 shall be payable promptly after the preliminary acceptance of the vessel.

(ii) The balance of the Contract price for CLIN 0001 through 0021 shall be paid within 30 days of the end of the Guaranty period, provided all contractual obligations have been satisfied.

No payments on account of the Contract price shall be made except on submitted bills, vouchers, or invoices which shall be in such number and form and shall be executed, certified, and attested in accordance with the clause in Section I of this contract entitled PROMPT PAYMENT (JUN 1997).

The Contractor shall maintain a file of all purchase orders issued and subcontracts entered into by the Contractor in the performance of the Contract work and shall furnish copies of such priced purchase orders and subcontracts to the Contracting Officer as may be required.

At any time or times prior to final payment under this contract, the Contracting Officer may have any invoices and statements or certifications of costs audited. The Contracting Officer may require the Contractor to submit, or make available for examination by the Contracting Officer or his designated representative, the supporting documentation upon which invoices, statements or certifications of costs are based. Each payment theretofore made shall be subject to reduction as necessary to reflect the exclusion of amounts included in the invoices or statements or certifications of costs which are found by the Contracting Officer, on the basis of such audit, not to constitute allowable costs. Any payment may be reduced for over-payments, or increased for underpayment on preceding invoices.

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H-9 AWARD FEE (APPLICABLE TO CLIN 0004, IF EXERCISED)

(a) In addition to the price specified in Section B for CLIN 0004, the Contractor may earn award fee as determined by the Fee Determining Official (FDO). While not a traditional award fee, the Government's purpose in granting this incentive bonus is to encourage and reward superior Contractor effort toward performance of this contract by periodically reviewing the Contractor's effectiveness in ensuring (1) effective cost control, (2) timely ship delivery, (3) effective management (including relationships with the Government and subcontractors, and the extent of small business participation), and (4) effective design/engineering, weight control/stability, production, and logistics. It is recognized that the standards by which the Contractor's performance is to be gauged are not susceptible to precise definition; however, these are the general areas on which particular emphasis will be placed. The Contracting Officer will establish the relative weights of the evaluation categories.

(b) The Government, at its sole discretion, may decide to provide funds under CLIN 0004 to be made available under this award fee provision. The amount of this funding, if any, will be determined by the Government after contract award and incorporated into the contract through a unilateral contract modification. The Government may increase or decrease the amount of the funding provided, if any, from time to time as necessary.

(c) The Contractor's performance evaluation will be conducted by an Evaluation Board consisting of no less than four of the following members:

- (i) NOAA Acquisition Manager;
- (ii) NOAA Deputy Acquisition Manager;
- (iii) Contracting Officer (CO) or Representative (non-voting member);
- (iv) Senior NOAA On-Site Construction Representative;

(d) The Fee Determining Official (FDO) will be The Deputy Director, NOAA's Marine and Aviation Operations. The FDO shall determine the award fee, if any, that the Contractor will be awarded in accordance with the procedures set forth herein.

(e) The performance period will begin at exercise of CLIN 0004 and continue to the end of the guaranty period. The Evaluation Board will meet after the first six months of performance under CLIN 0004 and again at the close of the evaluation period. The Board will consider evaluations of the Contractor's performance from the Government's on-site team and, as appropriate, from other Government participants in the CMV acquisition. The Contractor may furnish a self-evaluation of its performance for the Board to consider. Additionally, the Board may request information from the SSVs and other subcontractors regarding the Contractor's performance, and the Board may utilize the services of third party experts for the evaluation of specific technical issues as necessary.

The Board will arrive at a scoring consensus and provide a written recommendation and rationale to the FDO. The Board's recommendation will also be furnished to the Contractor, who will be given five calendar days to provide written comments to the FDO. In the event that the Contractor does not concur with the recommendation, it may present its exception to the FDO. These comments will be considered by the FDO in establishing the earned award fee amount. The FDO shall, within ten days of receipt of any Contractor comments, make the award fee determination (including the amount and rationale for the determination) to be incorporated into the contract formally via contract modification. Any award fee earned by the Contractor shall be conferred to the Contractor by the execution of a contract modification within thirty (30) days

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and shall not be subject to any payment withholding percentage, notwithstanding any other provision of this contract.

(f) Determinations of the FDO with respect to the amount of award fee to be paid to the Contractor are final and shall not be subject to the "DISPUTES" clause of this contract, nor shall the Contractor be entitled to submit a claim regarding any such determination under the Contract Disputes Act of 1978 (P.L. 95-563).

(g) Award fee, if funded, will be made available from the Government's share of the Incentive Fee remaining under the ceiling price at the completion of construction.

(h) Performance Ratings.

In evaluating Contractor performance, the following adjectives and numerical ratings will be used:

<u>Adjective Rating</u>	<u>Numerical Value</u>	<u>Criteria</u>
<u>Excellent</u>	<u>96-100</u>	The Contractor's degree of cooperation with the Government, or its effort towards achieving the objectives set forth in paragraph (a) above exceeds the expected level of performance by a substantial margin. While there may be one or more areas for improvement, they are few in number, are minor in terms of potential program impact, and they are far more than offset by outstanding performance in other areas.
<u>Good</u>	<u>85-95</u>	The Contractor's degree of cooperation with the Government, or its effort towards achieving the objectives set forth in paragraph (a) above is above the expected level of performance. Areas requiring improvement may be significant, but are more than offset by higher performance in other areas being evaluated.
<u>Acceptable</u>	<u>76-84</u>	The Contractor's degree of cooperation with the Government, or its effort towards achieving the objectives set forth in paragraph (a) above meets the expected level of performance. There are areas requiring improved performance; however, these are offset by better performance in other areas.
<u>Marginal</u>	<u>71-75</u>	The Contractor's degree of cooperation with the Government, or its effort towards achieving the objectives set forth in paragraph (a) above is less than the expected level of performance by a substantial margin. Many areas require improvement which are not offset by better performance in other areas.
<u>Unacceptable</u>	<u>70 and below</u>	The Contractor's performance is significantly below the expected level performance in several important areas.

(i) The relationship of the performance rating to the percentage of award fee pool to be paid, will be as follows:

<u>Performance Rating</u>	<u>Percent of Award Fee Pool</u>
0-70:	0
71-100:	$\frac{[(\text{Rating} - 70)]}{[30]} \times 100$

(j) Payment of Award Fee. The Contractor shall be paid earned award fee, if any, upon submission of a proper invoice or voucher.

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H-10 NOT USED

H-11 OFFER GUARANTEE (SEPT 1996)

(a) The Contractor shall furnish an offer guarantee in accordance with the CDRL, Attachment J-2. Failure to furnish an offer guarantee in the proper form and amount, by the time set for submittal of the Contractor's updated information for the Final Phase I down-selection (see Sections L and M), may be cause for rejection of the offer.

(b) The offeror shall furnish an offer guarantee in the form of a firm commitment, e.g., bid bond supported by good and sufficient surety or sureties acceptable to the Government, postal money order, certified check, cashier's check, irrevocable letter of credit, or, under Treasury Department regulations, certain bonds or notes of the United States. The Contracting Officer will return offer guarantees, other than bid bonds--

(1) To unsuccessful offerors as soon as practicable upon award; and

(2) To the proposed awardee upon execution of contractual documents and bonds (including any necessary coinsurance or reinsurance agreements), as required by the offer as accepted.

(c) The amount of the offer guarantee shall be equal to 20 percent of the Contractor's price for the total of CLIN 0003 and CLIN 0004. The offer guarantee shall be valid until the exercise of CLIN 0003, if at all, or until such earlier time as determined by the Contracting Officer in the event CLIN 0003 is not exercised.

(d) If the successful offeror, upon acceptance of its offer by the Government within the period specified for acceptance, fails to execute all contractual documents or furnish executed bond(s) within 10 days after receipt of the forms by the offeror, the Contracting Officer may terminate the contract for default.

(e) In the event the contract is terminated for default, the successful awardee is liable for any cost of acquiring the work that exceeds the amount of its offer, and the offer guarantee is available to off-set the difference.

H-12 PERFORMANCE AND PAYMENT BONDS --Other Than Construction (July 2000)

(a) *Definitions.* As used in this clause--
"Contract price" means the price of CLIN 0003 at exercise of CLIN 0003, and means the Target Price of CLIN 0004, and to the extent exercised, CLINs 0012 through 0021, at exercise of CLIN 0004.

(b) The Contractor shall furnish a performance bond (Standard Form 1418) for the protection of the Government in an amount equal to 20 percent of the contract price for CLIN 0003 and a payment bond (Standard Form 1416) in an amount equal to 20 percent of the contract price for CLIN 0003. The amount of the performance bond and the amount of the payment bond shall each be modified to be equal to 20 percent of the contract price for CLIN 0004, as defined in (a) above, at the time CLIN 0004 is exercised, if at all.

(c) The Contractor shall furnish all executed bonds, including any necessary reinsurance agreements, to the Contracting Officer, within 10 days after exercise of CLIN 0003, but in any event, before starting any work under CLIN 0003. The Contractor shall also furnish all executed bonds, including any necessary reinsurance agreements, to the Contracting Officer, within 10 days

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after exercise of CLIN 0004, but in any event, before starting any work under CLIN 0004.

(d) The Government may require additional performance and payment bond protection if the contract price is increased. The Government may secure additional protection by directing the Contractor to increase the penal amount of the existing bond or to obtain an additional bond.

(e) The bonds shall be in the form of firm commitment, supported by corporate sureties whose names appear on the list contained in Treasury Department Circular 570, individual sureties, or by other acceptable security such as postal money order, certified check, cashier's check, irrevocable letter of credit, or, in accordance with Treasury Department regulations, certain bonds or notes of the United States. Treasury Circular 570 is published in the *Federal Register*, or may be obtained from the:

U.S. Department of Treasury
Financial Management Service
Surety Bond Branch
401 14th Street, NW, 2nd Floor, West Wing
Washington, DC 20227

H-13 SINGLE SYSTEM VENDOR

(a) If an integrated diesel electric plant is to be provided, the Contractor shall select a Single System Vendor (SSV) to be responsible for the overall engineering design, integration, Regulatory Body approval, testing and supply of the propulsion system, as described in the Statement of Requirements, Attachment J-1. The SSV shall be experienced in marine electrical propulsion plants and controls and shall have experience as a supplier of electrical control system equipment for this type of application. The Contractor and/or shipbuilder is prohibited from acting as the SSV.

(b) The Contractor agrees to place and to maintain in force through the life of this contract, a subcontract with the SSV identified in its proposal, and that the contract price includes the price of this subcontract. No substitutions shall be made without the written consent of the Contracting Officer. Any request for substitutions must provide a complete explanation of the circumstances necessitating the proposed substitution. The proposed substitute subcontractor must possess qualifications equivalent to the firm being replaced.

(c) The Contractor agrees to implement the recommendations of the SSV in all aspects of the design and construction of the vessel under this contract, unless, on a case-by-case basis, the Contractor can demonstrate to the satisfaction of the Contracting Officer that a specific recommendation is erroneous or otherwise cannot reasonably be implemented.

H-14 THE CONTRACTOR

Except in those cases where the ship design and ship construction functions are to be performed by a single business entity, the Government intends to enter into a unitary contract with a one or more Contractor teams, joint ventures, integrators, partnerships or similar entities for the complete design, construction and delivery of the vessel under this solicitation. "The Contractor" for purposes of both contract award and contract performance shall constitute the single business entity, Contractor team, joint venture, integrator, partnership or similar entity. All such arrangements shall be

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maintained by the Contractor from award of CLIN 0001 or CLIN 0002 through the end of the Guaranty period.

H-15 DESIGN-TO-COST

(a) The total Government funding available for completion of CLINs 0003 and 0004, if exercised, is \$10,108,000.00.

(b) During performance of the Preliminary Design under CLIN 0001 or CLIN 0002, the Contractor shall develop a detailed price for CLINs 0003 and 0004.

(c) In the event that the Contractor's detailed price indicates that the ceiling price for CLINs 0003 and 0004 (the total of the price for CLIN 0003 plus the ceiling price for CLIN 0004) will be less than \$10,108,000.00, the Contractor may modify his design. The Government has determined that certain operational parameters offer important benefits over the service life of the SWATH Coastal Mapping Vessel. These objectives exceed the minimum requirements identified in the SOR, and are expected to result in significantly enhanced capability of the vessel to perform coastal mapping missions. The key objectives and their relative order of importance in descending order are:

- Endurance for Mission Profiles of up to 10 days, and a Range No Greater Than 2750 Nautical Miles at Transit Speed
- Design Speed up to 15 Knots
- Hydrographic Survey Launch and Associated Accommodations in accordance with the SOR for Implementation of the Survey Launch Mission Suitability Feature (Attachment J-6)

The Contractor is responsible for optimization of the design, and shall prepare proposed modifications to the SOR to document any such design improvements.

(d) In the event that the Contractor's detailed cost estimate indicates that the total price for CLINs 0003 and 0004 will exceed \$10,108,000.00, the Contractor shall submit a Contract Problem Identification Report in accordance with the provisions of Section C.

H-16 SECTION L AND SECTION M AS PART OF CONTRACT

Upon award of CLIN 0001 and CLIN 0002, Section L and Section M of this solicitation will become part of the resultant contract, as they are required for purposes of the Final Phase I down-selection process. Should the Contractor identify proposed changes to the SOR (Attachment J-1) during performance of CLIN 0001 or CLIN 0002, those proposed changes shall be documented in the Contractor's information provided for the Final Phase I down-selection. Section L and Section M will be removed from the Contract upon exercise of CLIN 0003.

H-17 NOTICE TO PROCEED

Within ten (10) days after exercise of CLIN 0003, if at all, the Contractor must provide to the Contracting Officer Certificates of Insurance in accordance with the clauses in Section I hereof entitled "INSURANCE, LIABILITY TO THIRD PERSONS" and bonds in accordance with the amount specified in Section H hereof entitled "PERFORMANCE AND PAYMENT BONDS." Within ten (10) days of verification of insurance coverage and receipt of bonds, the Contracting Officer will issue a written Notice to Proceed with the work required by CLIN 0003.

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Within ten (10) days after exercise of CLIN 0004, if at all, the Contractor must provide to the Contracting Officer Certificates of Insurance in accordance with the clauses in Section H hereof entitled "BUILDER'S RISK INSURANCE" and in Section I hereof entitled "INSURANCE, LIABILITY TO THIRD PERSONS" and bonds in accordance with the amount specified in Section H hereof entitled "PERFORMANCE AND PAYMENT BONDS." Within ten (10) days of verification of insurance coverage and receipt of bonds, the Contracting Officer will issue a written Notice to Proceed with the work required by CLIN 0004.